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Executive Director

**ARIZONA CORPORATION COMMISSION**

October 5, 2006

Commissioner William A. Mundell  
Commissioner Mike Gleason  
Commissioner Kristin Mayes  
Commissioner Barry Wong

Re: Desert Hills Water Company, Inc.  
Docket No. W-02124A-06-0379 (Order to Show Cause)

Dear Colleagues:

The Order to Show Cause (OSC) for Desert Hills Water Company is tentatively scheduled for the Commission Open Meeting on October 17/18, 2006. I am requesting that this matter not be placed on this agenda.

I would like to defer this matter until the Town of Cave Creek files an application under ARS § 40-285 requesting the Commission to approve the transfer of the utility assets from Desert Hills Water to the town.

As you know, the recent circumstances involving the ownership and operation of Desert Hills Water have changed substantially. A different approach for resolving this issue is warranted. Therefore, I believe the OSC matter and ARS § 40-285 application should be considered in tandem, not in separate proceedings.

Sincerely,

A handwritten signature in black ink, appearing to read "JH Miller".

Jeff Hatch-Miller  
Chairman

Cc: Brian C. McNeil  
Ernest Johnson  
Chris Kempley  
Lyn Farmer  
Parties to the Docket